



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

October 15, 2009


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To: Supervisor Don Knabe, Chairman
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Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich
From: 
William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains a pursuit of position on AB 188, which is the hospital provider fee clean up legislation, and the status of two bills of County interest.

Pursuit of County Position on Legislation

As reported in the October 12, 2009 Sacramento Update, the Governor signed into law **County-supported AB 1383**, which would: 1) impose a provider fee on hospitals, except for designated public hospitals, to increase Medi-Cal reimbursement to public and private hospitals; and 2) require the State Department of Health Care Services (SDHCS) to seek a State plan amendment from the Federal government to implement a supplemental payment system to hospitals. In his signing message, the Governor noted that additional legislation would be necessary to address the bill's shortcomings, including: 1) an urgency clause; 2) an appropriation to fund the increased workload for SDHCS; and 3) the authority for funds to be distributed to hospitals and to fund the children's health coverage.

On October 14, 2009, **AB 188 (Jones)** was amended to address the three issues outlined in the Governor's signing message, which are necessary for the implementation of AB 1383. AB 188 passed the Senate by a vote of 28 to 9, and now proceeds to the Assembly for concurrence. It is anticipated that the bill will be considered in the Assembly sometime next week.

"To Enrich Lives Through Effective And Caring Service"

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Based on the County's support position of AB 1383, and existing Board policy to support proposals to expand the use of intergovernmental transfers, health provider fees, and other allowable methods to increase net Federal Medicaid and State Children's Health Insurance Program matching payments to California and health providers like the County at no cost to the State's General Fund, the Sacramento advocates will support AB 188.

Legislation of County Interest

SB 65 (Committee on Budget and Fiscal Review), as amended on September 4, 2009, includes technical clean-up language to accelerate the repayment of deferred gasoline tax revenues to counties and cities. This bill would allow the State to reduce its need for temporary borrowing through alterations to the schedule of existing deferrals to better match the State's needs for cash flow. In addition, this measure includes helpful language on provisions related to the deferral of gasoline tax revenues from counties and cities under existing law. On October 14, 2009, the Senate approved SB 65, including its urgency clause, by a vote of 38 to 0 and it now proceeds to the Governor.

SB 67 (Committee on Budget and Fiscal Review), as amended on September 4, 2009, is a clean-up measure that would ensure the ability of counties, cities, and special districts to securitize the property tax revenues borrowed by the State. SB 67 provides for the earlier securitization of Proposition 1A loans to ensure that local governments receive this critical funding at the same time as they would normally receive their property tax revenue distributions. On October 14, 2009, the Senate approved this measure, including its urgency clause, by a vote of 37 to 0 and it now proceeds to the Governor. The enactment of SB 67 would allow the County to securitize an estimated \$365 million to help avoid further program reductions and to be able to maintain critical safety net services for the residents of the County.

We will continue to keep you advised.

WTF:RA
MR:DS:sb

c: All Department Heads
Legislative Strategist